

AUDIT PANEL			
Report Title	INTERNAL AUDIT REPORT ON WAYS TO IMPROVE CONTROL		
Key Decision	NO		Item No. 5
Ward	ALL		
Contributors	EXECUTIVE DIRECTOR FOR RESOURCES		
Class	Part 1	Date: 27 MAY 2009	

1 Purpose of the Report

The purpose of this report is to outline the processes that have been put in place to improve internal controls through out the Council.

2 Recommendations

It is recommended that the Audit Panel note the report.

3 Background

At a previous meeting of the Audit Panel, members asked for officers to look at ways of strengthening internal control throughout the Council, to enable internal audit to issue more audit reports with assurance level opinions in the top two levels i.e. Substantial and Adequate Assurance.

4 Measures Already Introduced

- 4.1 Improving internal control across the Council is high on the agenda for the Executive Director for Resources, the Internal Control Board (ICB), and the Audit and Risk Manager and as such, a number of measures have already been put in place.
- 4.2 The Audit and Risk Manager has already set up a mechanism for monitoring the implementation of internal audit recommendations, and providing regular progress reports on this to Executive Directors, the ICB, and the Audit Panel. Executive Directors are already required to explain to the Independent Chair of the ICB why recommendations have either not been implemented or implemented on time. In order to reduce the number of instances when they are required to do this, Executive Directors have already introduced mechanisms to ensure that individual managers responsible for the implementation of recommendations actually do so. This has, during the past year, had the effect of reducing the number of outstanding recommendations which in turn is leading to a strengthening of internal control.
- 4.3 At the March meeting of the Audit Panel, members took this process a stage further by requesting that in the future the Executive Directors be required to attend the panel and explain why recommendations have either not been implemented or implemented on time.

- 4.4 The Audit and Risk Manager, in conjunction with RSM Bentley Jennison, the Internal Audit contractor, have introduced a robust process for undertaking follow up reviews on all operational areas and systems where an audit report has been issued with a limited or no assurance opinion. Follow up reviews will be carried out within six months of the issue of the final audit report, and will ensure that the areas with the weakest internal control mechanisms are visited to assess progress on the implementation of recommendations and to what extent internal control has improved since the previous audit.
- 4.5 The Audit and Risk Manager has agreed to include the Head of Business Support on the circulation list for internal audit reports that are issued, to ensure that Business Support Division of the Resources Directorate are aware of the issues being identified by internal audit and can support the Service units in rectifying internal control issues.
- 4.6 Findings from these reviews will be reported to ICB and the Audit Panel, and where insufficient progress has been made to strengthen internal control, it is envisaged that they will require managers to attend meetings to explain why.

5 Measures Planned for 2009/10

- 5.1 The following gives an indication of the measures that are planned for 2009/10.
- 5.2 The monitoring process for the implementation of internal audit recommendations will be strengthened and automated by the introduction of the '4Action' monitoring application. This will provide automated reminders to managers and direct feedback to the client side on the progress being made on the implementation of the recommendations.
- 5.3 Findings from the follow up reviews will be reported to ICB and the Audit Panel and, where insufficient progress has been made to strengthen internal control, it is envisaged that either of these bodies will require managers to attend meetings to explain why.
- 5.4 The Audit and Risk Manager will periodically review the findings and recommendations being made by the internal audit contractor in the reports they have issued to identify common problems. This information will be communicated to the Business Support Division and to the Head of Resources for CYP, to enable them to focus attention on areas where the perceived control weaknesses may be wide spread.
- 5.5 The client side, along with the internal audit contractor, plan to raise the profile of internal audit and internal control, by producing guidance leaflets and delivering training/awareness sessions to service areas across the Council. The latter is likely to be undertaken as part of a wider programme on financial management training. Emphasis will be placed on delivering this training/awareness to staff based in the remote sites who often cannot attend events that are held centrally.
- 5.6 The client side are also exploring ways of disseminating good practice relating to internal control, to managers around the Council. This is likely to be in the form of a periodical briefing note.

6 Legal Implications

There are no legal implications arising directly from this report.

7 Financial Implications

There are no financial implications arising directly from this report.

8 Equalities Implication

There are no specific equalities implications arising directly from this report.

9 Crime and Disorder Implications

There are no specific Crime and Disorder implications arising directly from this report.

10 Environmental Implications

There are no specific environmental implications arising directly from this report.

Background Papers

There are no background papers reported.

If there are any queries on this report please contact the Audit and Risk Manager on 0208 314 9114.